

Sanitized - Approved For Release : CIA-RDP75-00149R000200300085-7

LAW IN DODD CASE IS CALLED 'CLEAR'

Senator Williams Says Issue
of Gifts Is Being Obscured

Special to The New York Times

WASHINGTON, April 27 — Senator John J. Williams accused the Johnson Administration today of trying to obscure a "perfectly clear" law governing tax liability on campaign contributions in order to help Senator Thomas J. Dodd.

In reply to charges made by Drew Pearson and Jack Anderson, syndicated columnists, that Senator Dodd had used more than \$100,000 from testimonial dinners for personal expenses, associates of the Connecticut Democrat have insisted that the proceeds of these dinners were "nontaxable gifts."

Senator Williams, Republican of Delaware, said in a Senate

speech today that "officials of the Bureau of Internal Revenue have in the past couple of weeks been quietly approaching some members of the Senate suggesting that perhaps the present law may be fuzzy on this point and that some clarifying legislation may be necessary."

Press Release Cited

Furthermore, Mr. Williams said, a press release prepared by the Treasury Department on April 20 "only added to this confusion."

Senator Williams said it was his opinion that the Administration was engaged in a deliberate plan "to create confusion as to the effectiveness of existing law in the hope that they can get Congress to accept the premise that a loophole does exist and then proceed to rewrite legislation dealing with campaign contributions."

The upshot would be, Mr. Williams went on, that "all past transactions" would be regarded as legal and therefore taxes on diverted campaign funds would be excused.

Mr. Williams cited a 1954 ruling of the Internal Revenue

Service to support his point that the law is "perfectly clear" and that all that was needed in the Dodd case was "the will to enforce it."

This ruling stated that political contributions were not taxable if they were used "for present or future expenses of a political campaign or for some similar purpose."

"However," the ruling continued, "any amount diverted from the channel of campaign activities and used by a candidate for personal use constitutes taxable income."

Crux of the Matter

The whole issue turns on Senator Dodd's contention that the purchasers of tickets to dinners and cocktail parties in 1961, 1963, 1964 and 1965 were not making campaign contributions but personal gifts to him to be used at his own discretion. Personal gifts up to \$3,000 in any one year are tax free.

Senator Williams's charge

that the April 20 press release had further clouded the issue was based on its discussion of how funds from testimonial dinners are to be regarded for tax purposes.

The I.R.S. release stated:

"The Internal Revenue Service has received inquiries on the tax status of funds received by Senator Thomas J. Dodd from fund-raising affairs. I.R.S. is prohibited by law from discussing the tax affairs of any particular individual.

"If a fund-raising activity—such as a testimonial dinner—is held to honor an individual and to provide a gift out of respect, in appreciation of public service, or similar nonpolitical motives, and the donors intend the money as such a gift, the funds are not taxable to the recipient."

Thus, the I.R.S. said, everything depends upon the "intent" of the donor.

Senator Williams dismissed Senator Dodd's contention that the donors intended a personal

gift and not a campaign contribution by inserting in the record a copy of a letter sent out by the treasurer of the fund-raising committee for a "Dodd Day" dinner and cocktail party in Fairfield County on Oct. 26, 1963. The letter read:

"In 1964, our friend, Senator Thomas J. Dodd will campaign for reelection to the United States Senate. It does not seem necessary for me to stress the heavy financial burden that this campaign will involve. For this reason, it is necessary for those of us who respect and admire Senator Dodd to lend what ever aid we can to assist him in presenting a vigorous campaign."

Meanwhile, Senator Clifford P. Case, Republican of New Jersey, once again urged the Senate to pass a bill that he has repeatedly introduced, which requires full disclosure of all income, including gifts, assets and liabilities, transactions in realty or personal property.